

OIL & GAS CONSERVATION COMMISSION
Meeting: April 20, 1990
Dr. Daniel J. Brennan, Exec. Director



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

April 20, 1990

NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Oil and Gas Conservation Commission and to the general public that the Oil and Gas Conservation Commission will hold a meeting open to the public on April 20, 1990 at 10:00 A.M. at 5150 North 16th Street, Suite B 144, Phoenix, Arizona 85016. As indicated in the agenda, the Oil and Gas Conservation Commission may vote to go into executive session which will not be open to the public to discuss certain matters.

The agenda for the meeting is as follows:

1. Call to Order
2. Welcome to new Commissioner, Barbara Murphy
3. Approval of Minutes of Meeting of February 16, 1990
4. Ownership and status of "Power Ranch" Geothermal Wells Sec 1, T2S-R6E
5. Report of Executive Director
6. Report of Oil and Gas Specialist
7. Dry Mesa Injection Well
8. Motion to Authorize Executive Director to Act for the Commission
9. Three-year Plan
10. Call to the Public
11. Announcements
12. Adjournment

The Oil and Gas Conservation Commission may vote to go into Executive Session (pursuant to A.R.S. § 38-431.A.3) which will not be open to the public to consult with its attorney and receive legal advice with respect to any regular agenda item listed on this agenda.

A copy of the agenda background material provided to Commission members (with the exception of material relating to possible executive sessions) is available for public inspection at the Commission's office, 5150 North 16th Street, Suite B 141, Phoenix, Arizona 85016.

The public will be afforded an opportunity to comment on any item on the agenda; however, at the beginning of the meeting, the Commission may vote to set a time limit on individual comments.

DATED THIS 6th day of April 1990.

OIL AND GAS CONSERVATION COMMISSION


Daniel J. Brennan
Executive Director

IF YOU ARE UNABLE TO ATTEND THIS MEETING,
PLEASE NOTIFY THIS OFFICE AS SOON AS POSSIBLE.

OIL AND GAS CONSERVATION COMMISSION
5150 North 16th Street, Suite B-141
Phoenix, Arizona 85016

Minutes of Meeting
February 16, 1990

Present:

Dr. J. Dale Nations, Chairman
Mrs. Jan C. Wilt, Vice-Chairman
Mr. J. E. Warne, Jr., Member
Dr. Daniel J. Brennan, Executive Director
Mr. Steven L. Rauzi, Oil and Gas Specialist

The regular Commission Meeting of February 16, 1990 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M. in Room B-144, 5150 North 16th Street, Phoenix, Arizona 85016.

APPROVAL OF MINUTES OF MEETING OF DECEMBER 15, 1989

The Minutes of the Meeting of December 15, 1989 were amended as follows:

THAT THE TERM OF OFFICE BE FOR ONE YEAR FOR THE CHAIRMAN
AND VICE-CHAIRMAN, BEGINNING WITH THE CALENDAR YEAR.

Mrs. Wilt moved, seconded by Mr. Warne:

THAT THE MINUTES OF THE MEETING OF DECEMBER 15, 1989
BE ACCEPTED AS AMENDED.

Motion carried unanimously.

HEARING ON DRY MESA CORPORATION APPLICATION FOR APPROVAL OF A DISPOSAL WELL
SEC. 11, T40N-R28E, APACHE COUNTY, ARIZONA

At 10:04 A.M., Dr. Brennan gave an explanation of the purpose of the hearing for Dry Mesa Corporation. Following Mr. Ken Hand's presentation, Mr. Bob Hand, engineer for Dry Mesa Corporation, made a presentation for the approval of a permit for a disposal well. The hearing ended at 10:25 A.M.

At 10:27 A.M., the regular Commission Meeting resumed.

REPORT OF EXECUTIVE DIRECTOR

The Activity Report of Dr. Brennan was sent to the Commissioners, and, has been made a part of these minutes. Dr. Brennan reported that the House Appropriations Sub-Committee recommended that the Commission have a continuing services budget. This would eliminate the JLBC's recommendation of a decrease of \$15,400 and the Executive Budget Office's recommendation of a decrease of \$8,800. Dr. Brennan also appeared before the Senate Appropriations Sub-Committee and explained that the Commission brings in more revenue

than it costs the state. A report was given by Dr. Brennan regarding Central Oil Company's plugging the Bradco No. 1 Aman well in Yuma County by March 15 if it is not productive after perforating and testing.

REPORT OF OIL AND GAS SPECIALIST

The Activity Report of Mr. Rauzi was sent to the Commissioners, and has been made a part of these minutes. Mr. Rauzi stated that work on the third well for Chuska Energy Company would start in late May or early June. He also reported that a completion rig is on Well #8 and that a DST was run. On Well #5, production string was set. Mr. Rauzi advised that PB-KBB is in town for the workover job at Calgas No. 3 well. The top of the cavern has been perforated to get all the butane out of the cavern. A log will be run next week to determine that the butane has been removed. In two weeks, actual work is expected to begin. The report which Mr. Rauzi has been working on should be ready by the end of this month. He also reported that Jay Shields plugged five of his wells in Fredonia. John Haas from the Bureau of Land Management witnessed this procedure.

Dr. Brennan advised that due to a lack of money in our budget that we could not have witnessed cementing of all of Chuska's wells or the plugging of the Shields' wells. The Commissioners expressed their concern over not having enough funds to perform the required functions of the Commission. Dr. Brennan stated that there is a procedure to request more funds, but that the requested funds may not always be granted.

PLUGGING OF GEOTHERMAL WELLS, CHANDLER AREA

Mr. John Saxman representing Can-Roy Research and Development Corporation of Chandler, AZ stated that they were pursuing an interest in these wells. They intend to put them into production depending on the finances.

Dr. Brennan advised that the property was bought from the Power Ranch by a real-estate syndicate called Davidson and Davidson, who defaulted on their payments. Keith Power told Dr. Brennan last week he is hopeful of recovering the property from Davidson and Davidson very soon. Mr. Power has investigated the cost of plugging the wells, and is aware this will have to be done before the property can be sold. In time a hearing may be necessary regarding the plugging of the wells. Dr. Nations requested that Dr. Brennan work with Carol Lewin, our legal counsel, to follow up on these wells, and notify the Commissioners as soon as possible.

PROPOSAL TO CONSOLIDATE OIL AND GAS AND GEOTHERMAL RULES

Dr. Brennan advised that the present geothermal rules will not pass a review by the Governor's Regulatory Review Council. Some of these rules are identical to the rules of the Oil and Gas Conservation Commission. Ms. Lewin stated there is no reason for the Commission to have two sets of rules. The proposal is to consolidate them and rewrite the Oil and Gas Commission's rules.

Mrs. Wilt moved, seconded by Mr. Warne:

THAT THE COMMISSION REQUESTS DR. BRENNAN TO REVIEW THE
GEOITHERMAL RULES AND INCORPORATE THEM INTO THE OIL AND
GAS RULES.

Motion passed unanimously.

PROPOSED LEGISLATION

Dr. Brennan explained that Senator Corbet has introduced Bill SB 1543 to the legislature to merge the Oil and Gas Conservation Commission, the Department of Mines and Mineral Resources and the Geological Survey into the Land Department. At the request of Senator Sossaman, Dr. Brennan responded to this that it was not a good idea, that it would not save any money. If a Department of Natural Resources is formed, it would be more expensive. It was the consensus of the Commission that Dr. Brennan should oppose this bill, and keep the Commissioners informed of action regarding it.

MOTION TO AUTHORIZE EXECUTIVE DIRECTOR TO ACT FOR THE COMMISSION

Ms. Lewin commented that this motion should not be passed or voted as presently written, but that it could be revised to include standards for the various procedures. The Commissioners requested Dr. Brennan and Ms. Lewin to work on a revised motion.

After a discussion regarding concern for the hiring of competent people for the director of this Commission in the future, Dr. Nations requested that this topic be listed on the next agenda, and Ms. Lewin will report on this request.

CALL TO THE PUBLIC

N/A

ANNOUNCEMENTS

Dr. Nations reported that the IOCC Meeting is still scheduled for December 1990 at The Pointe at Squaw Peak, and will have more details at our next meeting. Mrs. Wilt suggested that Dr. Brennan submit an abstract for the AAPG. Dr. Brennan stated that Mr. Rauzi has a manuscript to submit.

The next meeting is scheduled for March 23, 1990.

ADJOURNMENT

Mr. Warne moved, seconded by Mrs. Wilt:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 12:10 P.M.

Minutes of Meeting
February 16, 1990
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APPROVED

Dale Nations
Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

Carol Lewin
John Saxman

Attorney General's Office
Cam-Roy Research and
Development Corporation



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

March 30, 1990

ACTIVITY REPORT

Daniel J. Brennan
Executive Director

A handwritten signature in dark ink, appearing to be "DJB", written over the printed name of Daniel J. Brennan.

This has been a very busy period--busy for paper work.

We completed the publication of Steve's report, and sent out about 200 announcements. So far sales are brisk.

We compiled a new well list to go with our state well location map. The new list is a computer printout, sorted by township, range and section in ascending order. This does away with the separate county listings and makes the list easier to use.

We compiled as complete a listing of Commission publications as we were able to compile. We plan to have the whole list printed up, including out-of-print items. We have copies of nearly every out-of-print item and will sell copies which, although not as good as originals, are still useful. This should increase out total sales.

In that regard we are considering lowering our charge of 25 cents per page for electrostatic copies to 15 cents. Our costs are about 1 cent for toner, 1 cent for paper, 4 cents for labor and less than 3 cents depreciation on the copier. That adds up to 9 cents, so 15 cents would more than cover our costs. Postage is added.

We are starting a file of driller's logs from the well files. We will sell them as copies at the per-copy rate.

I am working on a 3-year strategic plan as mandated by the Governor's Productivity Council. It is very difficult to plan for three years when so much of our activity is dependent on industry activity. A preliminary draft is enclosed with this report.

I am also busy making a 5-year review of the geothermal rules as mandated by the Administrative Procedures Act. As you may recall, I hope to combine the Geothermal Rules with the Oil and Gas Rules, but the 5-year review is still mandated. It requires a rule-by-rule discussion and a lot of time. The written review is due to arrive at the Governor's Regulatory Review Council by the end of May with the actual review to take place on July 3.

Activity Report
Daniel J. Brennan

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I have started work on the Four Corners report for The American Association of Petroleum Geologists Bulletin Developments issue. Manuscript is due in Tulsa May 15.

I have asked the real-estate group which appears to own the Power Ranch property to let us know their intention by March 30.

I have been monitoring the legislature for bills which may affect the Commission or the industry. The main item affecting the industry appears to be a proposed "Clorox" tax which will include oil and gas products in its list of items taxed to build a state cleanup fund.

Also enclosed with this report is a copy of the revised Motion to Authorize the Executive Director to act for the Commission. Our attorney, Carol Lewin, is reviewing it.

We are working with Dick Bradshaw to get him to plug his No. 1 Aman well in the Yuma area. He has been attempting to get a partner to test a zone in the well in a last-ditch attempt to get it to produce. If he cannot find a partner, he says he will plug the well "soon."

Enclosures



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

ACTIVITY REPORT

April 2, 1990

Steven L. Rauzi *SLR*
Oil & Gas Specialist

Since our meeting on February 16, we have had a good response to my Chuar report, the BLM had a bidder at their March 8 sale, and work has begun on Cavern 3 at AmeriGas.

We sold the first copy of the Precambrian Chuar report on March 13th. Price is \$12.00 each. Thus far, we have sold 32 of our 49 copies and have provided four complimentary copies: one to the American Association of Petroleum Geologists (AAPG), one to the Arizona Geological Survey (AGS), one to the Utah Geological and Mineralogical Survey (UGMS), and one to the State Library. AAPG will use their copy for a review in the AAPG Bulletin and the AGS will use their copy for listing in the new publications section of Arizona Geology. The UGMS expressed interest because this report contains coverage of southern Utah and suggests the presence of Precambrian source rock as far north as north-central Utah. They indicated that they would display their copy at their booth at the annual AAPG convention in San Francisco.

Jay Shields finally plugged and abandoned five of his wells in February. All of his wells have now been plugged and abandoned except for the 12-24 which he intends to deepen to the Precambrian. Jay was the only bidder present at the recent BLM lease sale and he successfully retained his lease by submitting the sole bid at the sale.

PB-KBB is rigged up and currently reworking Cavern 3 at the AmeriGas facility. Dan and I witnessed the sonar caliper survey last Friday, March 30. The sonar data is collected in a personal computer which provides a real-time display of both the sonar signal and the cavern outline as the tool is lowered down hole. They will run and cement a new string of pipe sometime this week, and thereby complete the borehole improvements begun in late 1988.

AGENCY OIL & GAS CONSERVATION COMMISSION

ORG 4930

DIVISION _____ IDENTIFICATION CODE NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE 1989-1990	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MAR. 1990
45,352 81	6011	1 Salaries: Staff	1 7,150 38
37,847 68	6057	2 Appointed Official	2 5,972 07
240 00	6058	3 Commission Members	3 60 00
	6081	4 Temporary Help	4
		5	5
6,068 10	6111	6 Emp. Related: F.I.C.A.	6 994 68
14,600 00	6113	7 Health Insurance	7
47 60	6115	8 D&L Insurance	8 5 60
166 40	6117	9 Unemployment Insurance	9 26 25
800 00	6118	10 Dental Insurance	10
570 61	6119	11 Workmen's Comp	11 90 06
1,664 00	6155	12 Retirement	12 262 44
542 35	6183	13 Personnel	13 85 69
		14	14
	6293	15 Prof. Serv.: Court Reporter	15
	6499	16 Cartographic Symbols	16
	6499	17 Cartographer	17
		18	18
	6511	19 Travel-State: Air Fare	19
	6531	20 Taxi; parking	20
543 36	6541	21 Mileage-Private Vehicles	21
2,758 70	6551	22 Mileage-State Vehicles	22 801 06
427 34	6582	23 Lodging	23
434 00	6583	24 Per Diem	24
2 13	6595	25 Telephone	25
	6598	26 Travel Advance	26
	6599	27 Other	27
		28	28
	6611	29 Travel-Out of State: Air Fare	29
	6631	30 Taxi; rail	30
	6639	31 Other (Public transport.)	31
	6641	32 Personal Auto	32
	6682	33 Lodging	33
	6683	34 Per Diem	34
	6695	35 Telephone	35
	6698	36 Travel Advance	36
43 00	6699	37 Other	37
		38	38
	7019	39 Other Operating: Other (Advertising)	39
278 75	7036	40 Postage	40 110 09
179 21	7044	41 Telephone: ATS Services	41 61 73
2,064 96	7045	42 Line Costs	42 458 88
	7046	43 Station Equipment	43
	7047	44 Long Distance	44
248 19	7048	45 Other	45 62 85
	7049	46 Communication: Other	46
42 93	7039	47 Postage - Other	47
2,193 00	7066	48 Risk Management	48
		49	49
11,009 04	7103	50 Office Rent	50 2,752 26
	7108	51 Storage Rent	51
		52	52
	7311	53 Printing	53
	7313	54 Binding	54
	7315	55 Quick Copy	55
		TOTAL	

ORG 4430

AGENCY OIL AND GAS CONSERVATION COMMISSION

DIVISION IDENTIFICATION CODE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE 1989-1990	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MAR. 1990
	7532	1 Furniture (Maintenance Noncontract)	1
	7532	2 Adder/Calculator (Maintenance Noncontract)	2
60 00	7532	3 Copy Machine (Maintenance Noncontract)	3
	7532	4 Reader/Printer (Maintenance Noncontract)	4
	7539	5 Other (Repair and Maintenance)	5
		6	6
207 75	7553	7 Typewriter (Maintenance Contract)	7
		8	8
	7581	9 Data Processing - Magnetic Media	9
	7582	10 Data Processing - Paper	10
	7583	11 Data Processing - Other	11
200 91	7586	12 Drafting Supplies	12 3 89
		13	
	7595	14 Field Supplies	14
		15	15
	7621	16 Stationery & Envelopes	16
	7624	17 Reproduction Supplies	17
600 37	7625	18 Office Supplies	18 97 25
444 02	7633	19 Non-cap. Equipment	19
	7962	20 Revolving Fund	20
5 00	7967	21 Books	21
		22	22
229 00	7971	23 Organization Dues	23
	7973	24 Education and Training	24
195 00	7975	25 Registration Fees	25
		26	26
	7980	27 Computer Software	27
	7985	28 Freight and Moving	28
		29	29
102 00	7997	30 Subscription; Newspaper	30 12 00
24 00	7997	31 Technical Journal	31
	7999	32 Other	32
		33	33
	8342	34 Library and Reference Books	34
	8344	35 Law Books	35
		36	36
	8410	37 Data Processing Equipment	37
		38	38
	8483	39 Office Furniture and Equipment	39
		40	40
		41	41
		42	42
		43	43
		44	44
		45	45
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
130,242 21		TOTAL	19,026 89

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF MAR. 1990	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS
	1 Permits to Drill			4,527 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS			XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD	4,527 00		XXXXXX
	TOTALS - MONTH AND YEAR TO DATE	4,527 00		

6 CLAIMS PAID MONTH OF MAR. 1990	7 FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
13,182 45	1 Personal Services	115,300 00	83,440 49		31,859 51
1,464 72	2 Emp. Related Exp.	28,200 00	24,459 06		3,740 94
	3 Professional Services				
801 06	4 Travel - State	5,900 00	4,165 53		1,734 47
	5 Travel - Out of State	1,500 00	43 00		1,457 00
3,578 66	6 Other Operating Exp.	27,243 46	17,640 11		9,603 35
	7 Capital Outlay-Equipment	494 02	494 02		0
	8 Dues for IOCC	3,000 00	3,000 00		0
	9 IOCC Meeting	1,800 00	814 91		985 09
	10 Office Relocation	2,062 52	2,062 52		0
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
19,026 89	TOTALS	185,500 00	136,124 64		49,375 36

AGENCY OIL & GAS CONSERVATION COMMISSION

ORG 4934
DUES FOR IOCC

DIVISION

IDENTIFICATION CODE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE 1989-1990	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MAR. 1990
	6011	1 Salaries: Staff	1
	6057	2 Appointed Official	2
	6058	3 Commission Members	3
	6081	4 Temporary Help	4
		5	5
	6111	6 Emp. Related: F.I.C.A.	6
	6113	7 Health Insurance	7
	6115	8 D&L Insurance	8
	6117	9 Unemployment Insurance	9
	6118	10 Dental Insurance	10
	6119	11 Workmen's Comp	11
	6155	12 Retirement	12
	6183	13 Personnel	13
		14	14
	6293	15 Prof. Serv.: Court Reporter	15
	6499	16 Cartographic Symbols	16
	6499	17 Cartographer	17
		18	18
	6511	19 Travel-State: Air Fare	19
	6531	20 Taxi; parking	20
	6541	21 Mileage-Private Vehicles	21
	6551	22 Mileage-State Vehicles	22
	6582	23 Lodging	23
	6583	24 Per Diem	24
	6595	25 Telephone	25
	6598	26 Travel Advance	26
	6599	27 Other	27
		28	28
	6611	29 Travel-Out of State: Air Fare	29
	6631	30 Taxi; rail	30
	6639	31 Other (Public transport.)	31
	6641	32 Personal Auto	32
	6682	33 Lodging	33
	6683	34 Per Diem	34
	6695	35 Telephone	35
	6698	36 Travel Advance	36
	6699	37 Other	37
		38	38
	7019	39 Other Operating: Other (Advertising)	39
	7036	40 Postage	40
	7044	41 Telephone: ATS Services	41
	7045	42 Line Costs	42
	7046	43 Station Equipment	43
	7047	44 Long Distance	44
	7048	45 Other	45
	7049	46 Communication: Other	46
	7039	47 Postage - Other	47
	7066	48 Risk Management	48
		49	49
	7103	50 Office Rent	50
	7108	51 Storage Rent	51
		52	52
	7311	53 Printing	53
	7313	54 Binding	54
	7315	55 Quick Copy	55
		TOTAL	

AGENCY OIL AND GAS CONSERVATION COMMISSION

DRG 4934
DUES FOR IOCC

DIVISION IDENTIFICATION CODE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE 1989-1990	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MAR. 1990
	7532	1 Furniture (Maintenance Noncontract)	1
	7532	2 Adder/Calculator (Maintenance Noncontract)	2
	7532	3 Copy Machine (Maintenance Noncontract)	3
	7532	4 Reader/Printer (Maintenance Noncontract)	4
	7539	5 Other (Repair and Maintenance)	5
		6	6
	7553	7 Typewriter (Maintenance Contract)	7
		8	8
	7581	9 Data Processing - Magnetic Media	9
	7582	10 Data Processing - Paper	10
	7583	11 Data Processing - Other	11
	7586	12 Drafting Supplies	12
		13	13
	7595	14 Field Supplies	14
		15	15
	7621	16 Stationery & Envelopes	16
	7624	17 Reproduction Supplies	17
	7625	18 Office Supplies	18
	7633	19 Non-cap. Equipment	19
	7962	20 Revolving Fund	20
	7967	21 Books	21
		22	22
3,000	7971	23 Organization Dues	23
	7973	24 Education and Training	24
	7975	25 Registration Fees	25
		26	26
	7980	27 Computer Software	27
	7985	28 Freight and Moving	28
		29	29
	7997	30 Subscription; Newspaper	30
	7997	31 Technical Journal	31
	7999	32 Other	32
		33	33
	8342	34 Library and Reference Books	34
	8344	35 Law Books	35
		36	36
	8410	37 Data Processing Equipment	37
		38	38
	8483	39 Office Furniture and Equipment	39
		40	40
		41	41
		42	42
		43	43
		44	44
		45	45
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
3,000		TOTAL	

AGENCY OIL & GAS CONSERVATION COMMISSION

ORC 4935
IDCC MEETING

DIVISION

IDENTIFICATION CODE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE 1989-1990	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MAR. 1990
	6011	1 Salaries: Staff	1
	6057	2 Appointed Official	2
	6058	3 Commission Members	3
	6081	4 Temporary Help	4
		5	5
	6111	6 Emp. Related: F.I.C.A.	6
	6113	7 Health Insurance	7
	6115	8 D&L Insurance	8
	6117	9 Unemployment Insurance	9
	6118	10 Dental Insurance	10
	6119	11 Workmen's Comp	11
	6155	12 Retirement	12
	6183	13 Personnel	13
		14	14
	6293	15 Prof. Serv.: Court Reporter	15
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	6551	22 Mileage-State Vehicles	22
	6582	23 Lodging	23
	6583	24 Per Diem	24
	6595	25 Telephone	25
	6598	26 Travel Advance	26
	6599	27 Other	27
		28	28
426	00	29 Travel-Out of State: Air Fare	29
	6631	30 Taxi; rail	30
	6639	31 Other (Public transport.)	31
	6641	32 Personal Auto	32
151	20	33 Lodging	33
71	00	34 Per Diem	34
11	71	35 Telephone	35
	6698	36 Travel Advance	36
	6699	37 Other	37
		38	38
	7019	39 Other Operating: Other (Advertising)	39
	7036	40 Postage	40
	7044	41 Telephone: ATS Services	41
	7045	42 Line Costs	42
	7046	43 Station Equipment	43
	7047	44 Long Distance	44
	7048	45 Other	45
	7049	46 Communication: Other	46
	7039	47 Postage - Other	47
	7066	48 Risk Management	48
		49	49
	7103	50 Office Rent	50
	7108	51 Storage Rent	51
		52	52
	7311	53 Printing	53
	7313	54 Binding	54
	7315	55 Quick Copy	55
		TOTAL	

AGENCY OIL AND GAS CONSERVATION COMMISSION

ORG 4935
IOCC MEETING

DIVISION _____ IDENTIFICATION CODE NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE 1989-1990	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MAY - 1990
	7532	1 Furniture (Maintenance Noncontract)	1
	7532	2 Adder/Calculator (Maintenance Noncontract)	2
	7532	3 Copy Machine (Maintenance Noncontract)	3
	7532	4 Reader/Printer (Maintenance Noncontract)	4
	7539	5 Other (Repair and Maintenance)	5
		6	6
	7553	7 Typewriter (Maintenance Contract)	7
		8	8
	7581	9 Data Processing - Magnetic Media	9
	7582	10 Data Processing - Paper	10
	7583	11 Data Processing - Other	11
	7586	12 Drafting Supplies	12
		13	13
	7595	14 Field Supplies	14
		15	15
	7621	16 Stationery & Envelopes	16
	7624	17 Reproduction Supplies	17
	7625	18 Office Supplies	18
	7633	19 Non-cap. Equipment	19
	7962	20 Revolving Fund	20
	7967	21 Books	21
		22	22
	7971	23 Organization Dues	23
	7973	24 Education and Training	24
160 00	7975	25 Registration Fees	25
		26	26
	7980	27 Computer Software	27
	7985	28 Freight and Moving	28
		29	29
	7997	30 Subscription; Newspaper	30
	7997	31 Technical Journal	31
	7999	32 Other	32
		33	33
	8342	34 Library and Reference Books	34
	8344	35 Law Books	35
		36	36
	8410	37 Data Processing Equipment	37
		38	38
	8483	39 Office Furniture and Equipment	39
		40	40
		41	41
		42	42
		43	43
		44	44
		45	45
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
819 91		55	55
		TOTAL	

AGENCY OIL & GAS CONSERVATION COMMISSION

ORG 4956
OFFICE RELOCATION

DIVISION _____ IDENTIFICATION CODE NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE 1989-1990	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MAR. 1990
	6011	1 Salaries: Staff	1
	6057	2 Appointed Official	2
	6058	3 Commission Members	3
	6081	4 Temporary Help	4
		5	5
	6111	6 Emp. Related: F.I.C.A.	6
	6113	7 Health Insurance	7
	6115	8 D&L Insurance	8
	6117	9 Unemployment Insurance	9
	6118	10 Dental Insurance	10
	6119	11 Workmen's Comp	11
	6155	12 Retirement	12
	6183	13 Personnel	13
		14	14
	6293	15 Prof. Serv.: Court Reporter	15
	6499	16 Cartographic Symbols	16
	6499	17 Cartographer	17
		18	18
	6511	19 Travel-State: Air Fare	19
	6531	20 Taxi; parking	20
	6541	21 Mileage-Private Vehicles	21
	6551	22 Mileage-State Vehicles	22
	6582	23 Lodging	23
	6583	24 Per Diem	24
	6595	25 Telephone	25
	6598	26 Travel Advance	26
	6599	27 Other	27
		28	28
	6611	29 Travel-Out of State: Air Fare	29
	6631	30 Taxi; rail	30
	6639	31 Other (Public transport.)	31
	6641	32 Personal Auto	32
	6682	33 Lodging	33
	6683	34 Per Diem	34
	6695	35 Telephone	35
	6698	36 Travel Advance	36
	6699	37 Other	37
		38	38
	7019	39 Other Operating: Other (Advertising)	39
	7036	40 Postage	40
249	35	7044	41 Telephone: ATS Services
		7045	42 Line Costs
335	00	7046	43 Station Equipment
		7047	44 Long Distance
		7048	45 Other
		7049	46 Communication: Other
		7039	47 Postage - Other
		7066	48 Risk Management
			49
		7103	50 Office Rent
		7108	51 Storage Rent
			52
		7311	53 Printing
		7313	54 Binding
		7315	55 Quick Copy
		TOTAL	

AGENCY OIL AND GAS CONSERVATION COMMISSION

ORG 4936

OFFICE RELOCATION

DIVISION

IDENTIFICATION CODE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE 1989-1990	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MAR. 1990
	7532	1 Furniture (Maintenance Noncontract)	1
	7532	2 Adder/Calculator (Maintenance Noncontract)	2
	7532	3 Copy Machine (Maintenance Noncontract)	3
	7532	4 Reader/Printer (Maintenance Noncontract)	4
	7539	5 Other (Repair and Maintenance)	5
		6	6
	7553	7 Typewriter (Maintenance Contract)	7
		8	8
	7581	9 Data Processing - Magnetic Media	9
	7582	10 Data Processing - Paper	10
	7583	11 Data Processing - Other	11
	7586	12 Drafting Supplies	12
		13	13
	7595	14 Field Supplies	14
		15	15
190	46	16 Stationery & Envelopes	16
	7624	17 Reproduction Supplies	17
849	06	18 Office Supplies	18
	7633	19 Non-cap. Equipment	19
	7962	20 Revolving Fund	20
	7967	21 Books	21
		22	22
	7971	23 Organization Dues	23
	7973	24 Education and Training	24
	7975	25 Registration Fees	25
		26	26
	7980	27 Computer Software	27
1,058	65	28 Freight and Moving	28
		29	29
	7997	30 Subscription; Newspaper	30
	7997	31 Technical Journal	31
	7999	32 Other	32
		33	33
	8342	34 Library and Reference Books	34
	8344	35 Law Books	35
		36	36
	8410	37 Data Processing Equipment	37
		38	38
	8483	39 Office Furniture and Equipment	39
		40	40
		41	41
		42	42
		43	43
		44	44
		45	45
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
2,062	52	TOTAL	

[illegible]

Moved that the Oil and Gas Conservation Commissioners authorize Daniel J. Brennan or his designee to act on their behalf on ministerial matters:

1. Acceptance of Bond in the principal sum of \$5,000 per well or \$25,000 for a blanket bond in a form acceptable to the Arizona State Treasurer.
2. Issuance of permits to drill upon submission of the information and fee required by R12-7-104 and of a well construction plan which meets the requirements of rules R12-7-108 through 111.
3. Approval of wells at unorthodox locations when topographic conditions are such as to require unusually extensive site preparation or road construction.
4. Approval of a change of location if the new location is within the drilling unit described on the original application. A change of location to a site outside the drilling unit specified in the original application may be approved as if it were a new application for a permit to drill.
5. Approval of tests of blow-out-prevention operating and control system with hydraulic pressure not to exceed the manufacturer's rated working pressure and not to exceed the rating of the drill pipe in use.
6. Inspection and approval of well head and lease equipment for good working order and appropriate pressure rating and for equipment for automatic shut-in of flowing wells and of wells capable of afterflow in case of failure of surface production equipment.
7. Approval of reworking or recompletion application so long as the proposed work is in compliance with rules on casing, use of tubing, setting of packers, and commingling of production.
8. Approval of plans to plug and abandon wells in compliance with Rule 12-7-127.

9. Approving conversion of wells drilled under an Oil and Gas Conservation Commission-issued permit to use as a water well upon adequate plugging back to the base of fresh water zones, if necessary, and acceptance of the well for use as a water well by the landowner, agent or lessee as set out in Rule 12-7-129.
10. Investigation of the safety of well operations, including well completions, for hazards likely to lead to fires, leaks, blowouts, or injury to persons or property.
11. Making field inspection of producing wells, injection wells, disposal, and storage wells and surface facilities for compliance. Making reports of investigation and requiring correction of deviations from compliance

EXECUTIVE SUMMARY

Present Position of Oil and Gas Commission

The Oil and Gas Conservation Commission is presently well-staffed but slightly underfunded. We have the capability of doing an excellent job for the state, but are in constant danger of having insufficient funds to actually perform required field inspections. We are at the limit in budget cuts and decrements.

Trends

The country has been in a downward trend in industry activity for several years. Activity in Arizona has been slow. In recent months oil and gas prices have both entered an upward trend. As prices rise, formerly marginal prospects become economic and industry activity increases. We have seen some of that activity in Arizona. If drilling and producing operations increase significantly the agency will need additional travel money to enable our field personnel to witness operations as required.

Increased health and safety awareness has caused the Federal government to mandate additional safety training for our field personnel. We require funds to pay for the training.

Future Plans

We foresee no changes in our strategy of working with operators to assure compliance with the laws and rules under which they operate.

Our plans for the future call for continuation of regular inspection and publication of reports to encourage exploration and production in Arizona.

Action Steps Requiring Additional Funds:

1. Train Field personnel in H₂S safety procedures.
Funds requested for FY91 budget, expected to be approved.
2. Maintain equipment in good operating condition.
Funds requested annually, not appropriated.
3. Train field personnel in details of Blow Out Prevention Equipment installation and inspection.
Funds requested for FY91 expected to be cut.

INTRODUCTION

Purpose

This plan is made in response to the requirements of the Governor's Productivity Council. It lists a number of goals and projects which seem desirable at the time of writing. However it is not considered by the Agency to be graven in stone. Flexibility is the key to effective response to changing conditions. Changes in the economic climate for the oil and gas producing industry, changes in available information, and changes in personnel may each affect the plan. New developments or new data may make it desirable to insert different activities into the action stream. Flexibility and the willingness to respond to change, rather than adherence to a plan will measure the effectiveness of the Commission.

Methodology

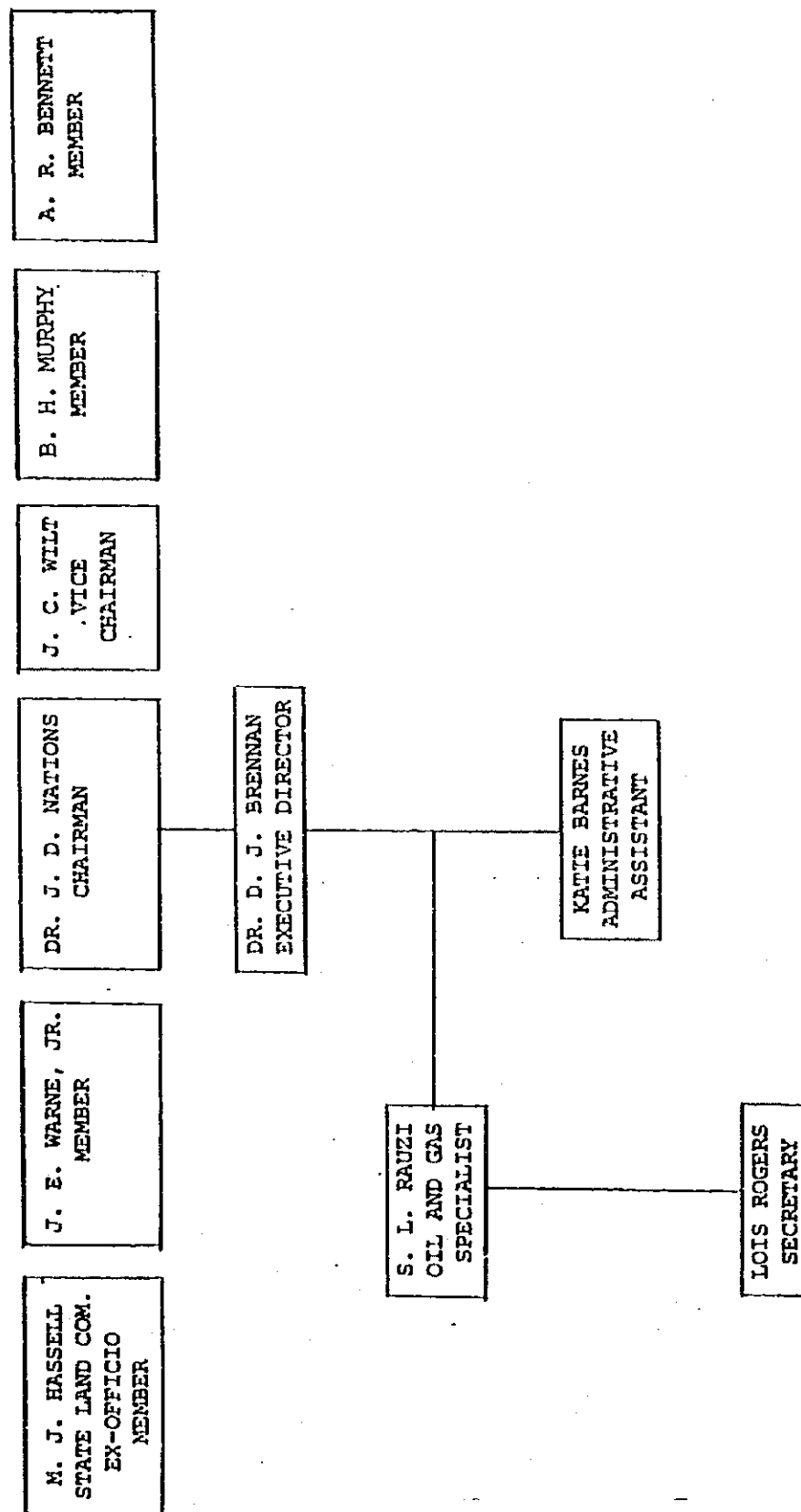
The Plan was developed principally by the Executive Director with input from the Oil and Gas Specialist. The Plan was drawn up following the guidelines set by the Governor's Productivity Council.

THE AGENCY TODAY (JUNE, 1990)

Mission Statement

The mission of the Arizona Oil and Gas Conservation Commission is to encourage exploration for and development of oil, gas, helium, and geothermal resources, and to monitor drilling and production activities so as to preserve the health and safety of persons, protect the environment, and to maximize recovery of the resource for the benefit of the people of Arizona.

TABLE OF ORGANIZATION
OIL AND GAS CONSERVATION COMMISSION



Appropriations and Authorized Position (FY 90)

<u>GENERAL FUND APPROPRIATIONS</u>	<u>Fiscal 90 Approved</u>
FTE Positions	<u>4.0</u>
Personal Services	<u>115,300</u>
Employee Related Exp.	<u>28,200</u>
Prof. & Outside Services	<u>0</u>
Travel - State	<u>5,900</u>
Travel - Out of State	<u>1,500</u>
Other Operating Exp.	<u>27,300</u>
Equipment	<u>1,200</u>
All Other Operating Exp.	<u>35,900</u>
OPERATION SUB-TOTAL	<u>179,400</u>
Dues for IOCC	<u>3,000</u>
IOCC Meeting	<u>2,000</u>
Office Relocation	<u>3,000</u>
TOTAL APPROPRIATIONS	<u>187,400</u>

Dues for IOCC and IOCC Meetings

The approved amount represents dues and meeting attendance costs for the Interstate Oil Compact Commission. This is a statutory responsibility of the Governor's Office that has been delegated to the Oil and Gas Conservation Commission. Unexpended balances will revert to the General Fund.

OIL & GAS CONSERVATION COMMISSION

STRATEGIC PLAN FY 91-93

FY 1991 GOALS, OBJECTIVES, ACTION STEPS

GOALS	OBJECTIVES	ACTION STEPS	RSP.ORG	DEPENDS ON
Enhance effectiveness of Arizona's monitoring of oil and gas operations.	Formalize working relationship with Navajo Tribal authorities.	Work out a Memorandum of Understanding between AZ O&GCC and Navajo Tribal Oil and Gas Agency.		Tribe
	Insure safety of field inspectors in H ₂ S environment (Federal requirement).	Send field inspectors to H ₂ safety school annually (Certificates are good for one year only.)		Funds
	Insure that Blow Out Prevention equipment is installed correctly.	Send field inspectors to BOP school.		Funds

Oil & Gas Conservation Commission

STRATEGIC PLAN FY 91-93

FY 1991 GOALS, OBJECTIVES, ACTION STEPS

GOALS	OBJECTIVES	ACTION STEPS	RSP.ORG	DEPENDS ON
Assure compliance with environmental, safety and conservation requirements by operators of drilling and producing wells.	1. Work with applicants for permit to drill to insure that they understand the requirements and make adequate plans.	Prepare a well planning guide and cost estimate booklet for independent operators.		Time Available
	2. Inspect actual drilling, cementing and completion operation.	Check for adherence to well plan and good practice.		Time, Travel money
	3. Inspect producing wells to assure compliance.	Check for safe operation; prevention of leaks.		Time, Travel money

Oil & Gas Conservation Commission

STRATEGIC PLAN FY 91-93

FY 1991 GOALS, OBJECTIVES, ACTION STEPS

GOALS	OBJECTIVES	ACTION STEPS	RSP.ORG	DEPENDS ON
Promote Oil and Gas Exploration in Arizona.	1. Bundle results of Yuma study into a salable package.	Review available graphics, tidy up, make coherent, write a summary.		Time Available
	2. Prepare and offer for sale a geologic study of northwest Maricopa County	Gather information, review the literature. Describe samples in detail. Make maps and sections as needed.		Time, Funds
		Write report.		

OIL AND GAS CONSERVATION COMMISSION

STRATEGIC PLAN FY 91-93

FY 1991 GOALS, OBJECTIVES, ACTION STEPS

GOALS	OBJECTIVES	ACTION STEPS	RSP.ORG	DEPENDS ON
Assure compliance with rules by operators of underground storage facility.	Inspect each storage facility twice yearly. Monitor cavern volumes for undue enlargement.	Require operation of all safety controls. Check for periodic volumetric measurements.		Time, Funds
	Monitor integrity of wells.	Witness mechanical integrity tests.		

Oil & Gas Conservation Commission

STRATEGIC PLAN FY 91-93

FY 1992 GOALS, OBJECTIVES, ACTION STEPS

GOALS	OBJECTIVES	ACTION STEPS	RSP.ORG	DEPENDS ON
Continue Compliance Assurance Program.	Perform field inspections as required.	Check for compliance with rules and good oil field practice.		Time & Funds
Promote Oil and Gas Exploration in Arizona.	Publish Report on Oil and Gas Potential of Mohave County, S. of Grand Canyon.	<ol style="list-style-type: none"> 1. Review Literature. 2. Study Subsurface info. 3. Prepare maps and Sections. 4. Write report. 		Time & Funds
	Publish Report on Potential for coal bed methane production in Arizona.	<ol style="list-style-type: none"> 1. Review literature, well files. 2. Study subsurface information. 3. Review all water well information. 4. Prepare maps. 5. Analyze coal, water for CH₄ content. 6. Write report. 		Time & Funds
	Publish Report on effect on Oil and Gas Potential of Arizona Strip W. of Fredonia.	<ol style="list-style-type: none"> 1. Review literature, well files. 2. Obtain Geophysics, analyze. 3. Review stratigraphic information. 4. Prepare maps and Sections. 5. Write report. 		Time & Funds
	Publish Report on effective Oil and Gas Potential of structural grains north and south of Bill Williams River.	<ol style="list-style-type: none"> 1. Review literature. 2. Study well data. 3. Obtain geophysics, analyze. 4. Make field check. 5. Prepare maps and sections. 6. Write report. 		Time & Funds

Oil & Gas Conservation Commission

Strategic Plan FY 91-93

FY 1993 Goals, Objectives, Action Steps

Goals	Objectives	Action Steps	RSP.ORG	Depends On	Time & Funds
Continue Compliance Assurance Program.	Perform field inspections as required.	Check for compliance with rules and good oil field practice.			
Promote Oil and Gas Exploration in Arizona.	Publish Report on Oil and Gas Potential beneath San Francisco Volcanic Field. Mohave County, S. of Grand Canyon.	<ol style="list-style-type: none"> 1. Review Literature. 2. Study Subsurface data, stratigraphy 3. Prepare maps and Sections. 4. Write report. 			
	Publish Report on Oil and Gas Potential of Tertiary sediments in Basin and Range Valleys of Arizona.	<ol style="list-style-type: none"> 1. Review surface and subsurface information. 2. Determine source potential. 3. Study effect of salt as a source and seal. 4. Prepare maps and reports. 			
	Update Earlier Reports.	<p>Keep up on the drilling developments.</p> <p>Revise Maps and Sections.</p> <p>Revise Reports.</p>			
	Publish Report on influence of Structural Anomalies and Lineation on Oil and Gas Accumulation in Arizona. Potential of Arizona	<ol style="list-style-type: none"> 1. Obtain Landsat photos shaded Relief images. 2. Analyze relationships. 3. Compare to geophysical maps. 4. Prepare maps and sections. 5. Write report. 			